

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 INT-05 FTC-01 FEA-01 OES-06 /103 W

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R 201045Z MAR 77

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 6131

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMCONSUL ORAN

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY RABAT

AMEMBASSY ROME

AMEMBASSY TUNIS

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E.O. 11652: N/A

TAGS: EFIN, ENRG, AG

SUBJECT: STATUS OF ALGERIAN LNG PLANTS

REF: ALGIERS 0536

1. SUMMARY. EMBASSY PROJECTION OF ALGERIAN LNG CAPACITY SHOWS 5.5 BILLION CUBIC METERS PER YEAR EXISTING, 17.5 BY LATE 1978, 31 BY LATE 1981, AND 59 OR 64 BY MID OR LATE 1980S. AT 1976 PRICES OF JUST OVER \$0.05 PER CUBIC METER THIS REPRESENTS POTENTIAL ANNUAL EXPORT EARNING OF \$0.9 BILLION BY LATE 1978, \$1.6 BILLION BY LATE 1981, AND \$3.0 TO \$3.2 BILLION EVENTUALLY. END SUMMRY.

2. REFTEL EXPLAINED CRUCIAL ROLE OF LNG PLANTS FOR ALGERIA'S LIMITED OFFICIAL USE

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EXPORT PERFORMANCE IN THE YEARS AHEAD. FOLLOWING IS OUR LATEST INFORMATION ON THE STATUS OF THESE PLANTS.

3. TWO OF THE THREE LINES OF THE CAMEL PLANT IN ARZEW (TOTAL RATED PLANT CAPACITY 1.6 BILLION CUBIC METERS/YEAR) ARE OPERATING NORMALLY. THIRD LINE IS DOWN AWAITING PARTS. WHEN PARTS RECEIVED THIRD LINE SHOULD BE BACK IN OPERATION

WITHIN 24 HOURS. IN RECENT YEARS PLANT HAS SOMETIMES OPERATED AT AS MUCH AS 170 PER CENT OF RATED CAPACITY.

4. LINES 1, 2, 3 OF SKIKDA PLANT (CAPACITY 1.3 BILLION CUBIC METERS/YEAR EACH) OPERATING NORMALLY. LINE 4 (1.5 BILLION), WHICH AS RECENTLY AS A FEW MONTHS AGO WAS EXPECTED TO COME ON STREAM IN JUNE 1977, IS NOT NOW EXPECTED TO BE PRODUCING UNTIL DECEMBER. LINES 5 AND 6 (1.5 BILLION EACH) HAVE BEEN DELAYED BECAUSE OF CHANGE OF CONTRACTOR. NEW CONTRACTOR (PULLMAN-KELLOGG) IS ONLY STARTING TO ASSESS THE SITUATION IT HAS INHERITED AND IS NOT WILLING TO GIVE A TARGET DATE FOR COMPLETION. FOUNDATIONS FOR 5 OR 6 HAVE BEEN LAID AND SOME OF THE PARTS HAVE BEEN ORDERED. TARGET DATE FOR THESE TWO LINES USED TO BE 1979 BUT WE ASSUME 1980 IS NOW MORE REALISTIC.

5. LNG-1 PLANT AT ARZEW (6 LINES WITH A CAPACITY OF 1.75 BILLION CUBIC METERS/YEAR EACH) IS NEARING COMPLETION. TARGET DATE FOR COMMERCIAL PRODUCTION FROM FIRST LINE IS DECEMBER 18, 1977. CONTRACTOR (BECHTEL) STILL SAYS DATE WILL BE MET BUT OTHER SOURCES SAY WORK IS 4 TO 6 WEEKS BEHIND. LINES 2 THROUGH 6 SCHEDULED TO COME ON STREAM AT TWO MONTH INTERVALS AFTER FIRST LINE. FULL PLANT SHOULD BE OPERATING OY LATE NEXT YEAR.

6. LNG-2 AT ARZEW IS ALMOST AT GROUND-BREAKING STAGE. CONTRACTOR (PULLMAN-KELLOGG) HAS TOLD US THAT THEIR TARGET FOR FIRST LINE (1.75 BILLION EACH) COMING ON STREAM AT TWO MONTHS INTERVALS.
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7. CONTRACT FOR LNG-3 AT ARZEW (TOTAL CAPACITY 15.5 BILLION) HAS BEEN SIGNED WITH FOSTER-WHEELER. WE UNDERSTAND DECISION ON TECHNOLOGY TO BE EMPLOYED (AIR PRODUCTS OR TECHNIP) WILL BE MADE SOON. WE HAVE NO TARGET DATE BUT WE UNDERSTAND THAT EL PASO, WHOSE SECOND CONTRACT WOULD BE SUPPLIED BY THIS PLANT, IS PROMISING DELIVERY TO ITS CUSTOMERS IN 1983.

8. LNG-4 (5.5 BILLION), LNG-5 (10.5 OR 15.5), LNG-6 (10.5) AND DOUBLING OF THE CAMEL PLANT ARE ALL IN THE PLANNING STAGE. WE HAVE HEARD THAT THE PRESIDENT DOES NOT WANT MORE THAN CAMEL AND LNG 1, 2 AND 3 AT ARZEW, PRESUMABLY FOR STRATEGIC REASONS. LNG-5 OR LNG-6 WILL PROBABLY BE AT ZEMMOURI EL BAHRI, ABOUT 50 KILOMETERS EAST OF ALGIERS. ONLY OTHER LOCATION WE HAVE HEARD MENTIONED IS SKIKDA.

9. ALGERIAN LIQUEFACTION CAPACITY IS THUS GTMT BILLION CUBIC METERS PER YEAR NOW FROM CAMEL AND SKIKDA 1, 2, 3. WITH LNG-1 AND SKIKDA LINE 4 TOTAL CAPACITY SHOULD BE 17.5 BY

LATE 1978. WITH LNG-2 AND SKIKDA 5 AND 6 TOTAL SHOULD GROW TO 31.0 BY LATE 1981. LNG 4, 5 AND 6, AND THE DOUBLING OF CAMEL, WOULD BRING TOTAL CAPACITY TO 59 TO 64 SOME-TIME IN THE MID OR LATE 1980S. THIS IS BELIEVED TO BE ALL THE CAPACITY EVENTUALLY INTENDED.

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10. WE UNDERSTAND EXISTING PIPELINE IS ADEQUATE FOR ALL SIX LINES OF SKIKDA PLANT BUT WE DO NOT KNOW IF ADDITIONAL LINE WILL BE NEEDED IF LNG 4, 5 OR 6 IS PUT IN SKIKDA. CAMEL PLANT AT ARZEW IS FED BY 20 INCH LINE (WHICH LEAVES HASSI R'MEL GAS FIELD AS 28 INCHES BUT HAS CUT OFF TO SERVE DOMESTIC MARKET IN ALGIERS AREA) AND THIS MAY HAVE SOME SPARE CAPACITY FOR LNG-1. MAIN FEED FOR LNG-1, HOWEVER, WILL BE 40 INCH LINE NOW 95 PER CENT COMPLETE. ANOTHER 40 INCH LINE, NOW 50 PER CENT COMPLETE, WILL FEED LNG-2, WHILE LNG-3 WILL NEED 42 INCH LINE. 40 INCH LINES HAVE CAPACITY OF 14 AND 42 INCH OF 16 BILLION CUBIC METERS A YEAR BUT SOME OF THIS IS FOR LOCAL CONSUMPTION AND LOSSES AND CONSUMPTION AT LNG PLANTS.

11. EXISTING TREATMENT FACILITIES AT HASSI R'MEL ARE ADEQUATE

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FOR SKIKDA LINES 1, 2 AND 3; THE CAMEL PLANT; AND FIRST LINE OF LNG-1. AFTER THAT THE NEW TREATMENT PLANT BEING BUILT BY STONE AND WEBSTER WILL BE NEEDED. IF SKIKDA LINE 4 AND THE FIRST LINE OF LNG-1 COME ON STREAM IN DECEMBER, THE STONE AND WEBSTER PLANT WILL THUS BE NEEDED AROUND FEBRUARY, 1978 TO SERVE REMAINING LINES OF LNG-1. THE TWO TREATMENT FACILITIES BEING CONSTRUCTED BY JAPAN GASOLINE AT HASSI R'MEL WILL BE NEEDED FOR LNG-2 AND 3.

12. COMMENT. RECENT CONTRACTS HAVE PRICED ALGERIAN LONG AT \$1.30 PER MILLION BTUS, WHICH WORKS OUT TO ABOUT \$0.05 PER CUBIC METER. POTENTIAL ANNUAL EARNINGS (1976 PRICES) ARE THUS ALMOST \$1 BILLION BY LATE 1978, \$1.6 BILLION BY LATE 1981, AND OVER \$3 BILLION AT THE PLANNED FULL PRODUCTION LEVEL IN THE LATE 1980S. LYNE

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Message Attributes

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Disposition Date: 22 May 2009
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TAGS: EFIN, ENRG, AG
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